

SUPPLEMENTAL BUDGET

Agency 195

Liquor Control Board

Recommendation Summary

Dollars in Thousands

	FY 05 FTEs	General Fund State	Other Funds	Total Funds
2003-05 Expenditure Authority	960.5	2,909	158,160	161,069
Supplemental Changes				
Contractual Obligation Adjustment			95	95
Increase Shipping Capacity	6.3		4,737	4,737
Subtotal - Supplemental Changes	6.3		4,832	4,832
Total Proposed Budget	966.8	2,909	162,992	165,901
Difference	6.3		4,832	4,832
Percent Change	0.7%	0.0%	3.1%	3.0%

Supplemental Changes

Contractual Obligation Adjustment

Costco has initiated a lawsuit against the state that challenges the state's current practices in wholesale distribution liquor sales. The Liquor Control Board requires temporary staff and outside consulting advice to adequately defend the state against this lawsuit. The agency activity affected is Regulation of Manufacturers, Importers, and Wholesalers. (Liquor Revolving Account)

Increase Shipping Capacity

The Liquor Control Board's distribution center experienced a 3.7 percent increase in cases shipped over the 2004 summer months. Since holiday volumes are normally 25 percent greater than the rest of the year, extra measures had to be taken to ensure store orders could be filled to generate additional revenue from the increased sales. Funds earmarked for other activities were spent on additional labor, spare parts, and maintenance to keep the automated warehouse operating at peak performance.

The acquisition of new material handling equipment to move liquor products is necessary in Fiscal Year 2005 to meet the projected sales growth demands of the 2005 holiday season. An investment of \$4.5 million in Fiscal Year 2005 will provide funds to design and purchase this new equipment with installation scheduled for completion by October 2005. Included in the \$4.5 million is \$500,000 for architectural and engineering consulting fees to design and plan the expansion of the liquor distribution center to process 32,422 cases of liquor within an eight-hour shift. An expansion of the distribution center is required since staff and material handling equipment are routinely processing cases at the maximum rate of 17,000 cases of liquor in an eight-hour shift. This item contributes to the agency's Liquor Warehouse Operations and Distribution activity. (Liquor Control Board Construction/Maintenance Account, Liquor Revolving Account)